

RULES OF
HARMONY CONDOMINIUMS
A CONDOMINIUM COMMUNITY WITHIN
THE POWDER RESERVE, A MASTER PLANNED COMMUNITY
(Public Offering Statement Exhibit C)

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RULES OF
HARMONY CONDOMINIUMS, OWNERS ASSOCIATION, INC.

(Note: Capitalized terms are defined in Article I of the Declaration.)

The following Rules apply to all owners and occupants of Units.

ARTICLE I

Use of Units

Section 1.1 - Occupancy Restrictions. Each Unit is restricted to residential use as a single-family residence including home professional pursuits not requiring regular visits from the public or unreasonable levels of mail, shipping, trash or storage. No sign indicating commercial or professional uses may be displayed outside a Unit.

Section 1.2 - No Commercial Use. Except for those activities conducted as a part of the marketing and development program of the Declarant, no industry, business, trade or commercial activities, other than home professional pursuits without employees, public visits or nonresidential storage, mail, or other use of a Unit, shall be conducted, maintained or permitted on any part of the Common Interest Community, nor shall any signs, window displays or advertising be maintained or permitted on any part of the Common Elements or any Unit, nor shall any Unit be used or rented for transient, hotel or motel purposes.

Section 1.3 – Fences.

(a) Fences shall be constructed at the fence locations shown on the Plat attached as Schedule A-3 to the Declaration and in accordance with the Fence Specifications attached as Schedule A-4 to the Declaration.

(b) A boundary line survey prepared by a licensed professional land surveyor in the State of Alaska, shall be submitted to the Board together with fence design plan and material list, for Board approval prior to construction of a fence.

Section 1.4 – Decks and Patios.

(a) Equipment including satellite dishes or satellite antennae and personal property and plants, shall not protrude beyond the deck/patio boundary. Such items shall not be placed on or hung from a deck railing. Barbecue units are permitted on Unit decks and shall be covered with a black protective cover when not in use.

(b) Plants on plant shelves are permitted within deck areas provided they do not exceed the height of the deck rail. Plants may be hung within the boundary of the deck area and must be securely anchored so as not to create a safety hazard. Such visible hanging plants on a deck must not have an offensive appearance and dead plants are not permitted.

(c) No deck or patio storage is permitted, including but not limited to, bicycles, gym equipment, boxes, tires, ladders, cleaning supplies (such as mops), garbage, trash containers, appliances (such as refrigerators) and visible storage cabinets.

(d) No article, such as towels, rugs, or clothing may be hung or shaken from a deck. No shades or blinds may be hung from a deck or within the deck area.

Section 1.5 – Window Coverings and Displays Outside Units.

(a) Unit Owners shall install only the following types of window coverings: (1) mini blinds, (2) shades, (3) duettes and (4) sheers. Window coverings shall be white, neutral or light in color when viewed from the street and must be installed on all windows and glass doors within three (3) months of closing or occupancy, whichever is sooner. No window shall be covered with garments, sheets, blankets, aluminum foil or similar materials.

(b) Holiday light fixtures and temporary holiday lighting may be installed in a window, entryway or deck area, commencing the day after Thanksgiving and shall be removed no later than February 1st.

(c) Unit Owners participating in the Anchorage Chamber of Commerce, 'City of Lights' program may decorate with miniature white lights during the winter month period, commencing October 1st and ending no later than March 1st. Said lighting may be installed on the Common Element siding areas, around windows and on trees and shrubs within their yard areas as approved by the Board.

Section 1.6 - Painting Exteriors. Owners shall not paint, stain, or otherwise change the color of any exterior portion of any building. It shall be the responsibility of the Owners Association to paint the exteriors of all Units.

Section 1.7 – Unit Maintenance. Each Unit Owner shall keep their Unit and the Limited Common Elements that they are responsible to maintain, in a good state of preservation and cleanliness.

Section 1.8 – Antennas and Satellite Dishes.

(i) The Declarant imposes the following restrictions relating to the installation of satellite dishes and antennae if compliance does not (1) unreasonably delay or prevent installation, maintenance or use; (2) unreasonably increase the cost of installation, maintenance or use; or (3) preclude reception of an acceptable quality signal to the Unit Owner.

(ii) Satellite Wiring. Units are pre-wired to the attic area for connection to a satellite dish. Unit Owners may connect to this wiring for the purpose of placing a single satellite dish on the roof over their Unit. Except for the wiring installed by the Declarant

during the original construction of the Unit, to connect to the roof, no wiring for antennas or satellite dishes is permitted within or upon the Common Elements. Wiring for connection to Limited Common Elements shall be installed in a neat, secure and inconspicuous manner so as to minimize exposed satellite wiring on the exterior of the dwelling. Installation shall be completed in a professional workmanlike manner by a licensed bonded and insured installer, approved by the Association. No loose sagging wiring is permitted.

(iii) Acceptable Locations. Subject to the requirements contained in 1.8 (i) above, satellite dishes and antennas shall be installed in the following locations.

(A) Common Element Roof. Satellite dish shall be placed behind the roof ridge-line and a minimum of two (2) feet from the rear roof edge and shall not protrude beyond four feet (4') above the rear roof line of the Unit. Roof penetration providing satellite wiring connectivity to the satellite dish shall be completed in a professional workmanlike manner by a licensed bonded and insured installer, approved by the Association. Installation of any antenna or satellite dish in or on the Common Elements, except upon the roof in accordance with the terms hereof, is strictly prohibited.

(B) Limited Common Elements. If a Unit Owner chooses to place a satellite dish on their Limited Common Elements as shown on the Plat and Plans attached as Schedule A-3 (including decks, patios and yard areas), such installation shall be completed in a professional workmanlike manner by a licensed bonded and insured installer, approved by the Association. No satellite wiring or equipment shall protrude beyond deck boundaries and on to the Common Elements. Location of antennas and satellite dishes within the Unit is unrestricted provided that no portion of the antenna or satellite dish extends beyond the boundaries of the Unit or Limited Common Elements.

(iv) Safety and Non-interference. Installation shall comply with reasonable safety standards and may not interfere with cable, telephone or electrical systems of neighboring Units.

(v) Shielded from View. Except for antennas and satellite dishes installed on a roof, such equipment shall be located in a place shielded from view to the public or from other Units to the maximum extent possible; provided, however, that nothing in this rule requires installation where an acceptable quality signal cannot be received or in such a manner that unreasonably increases the cost of installation.

(vi) Color. Satellite dish color shall be neutral tones of gray only. No commercial advertising on the satellite dish is permitted other than the brand name. Satellite wiring shall be painted to match siding color of the dwelling.

(vii) Safety and Non-interference. Installation shall comply with reasonable safety standards and may not interfere with cable, telephone or electrical systems of neighboring Units.

(viii) Maintenance. Unit Owners are responsible to maintain, repair and replace their satellite dish or antenna. In the event that a satellite dish installed on the roof by the Unit Owner becomes deteriorated or unsightly or is inconsistent with conditions of installation it may be removed or repaired by the Association, at the Unit Owner's expense.

(ix) Removal and Damages. If a satellite dish, antenna and other related equipment is removed, any damage to the roof or dwelling structure contained in the Unit shall be repaired at the Unit Owner's expense. The Association may repair damages not repaired by the Unit Owner and assess the reasonable cost thereof against the Unit Owner.

Section 1.9 – Recreation Equipment. Basketball hoops, backboards, baseball, soccer, hockey cages or any other recreation apparatus shall be portable and stored out of sight from the street and other adjoining Unit Owners during the winter season. No permanent basketball hoops, backboards, baseball cages or recreation apparatus may be attached to the Common Elements. No temporary basketball hoops, backboards, baseball cages or recreation apparatus may be placed on the roadways.

Section 1.10 – Mailboxes and Newspaper Tubes. Unit Owners shall use cluster mailboxes approved by the U.S. Postal Service and provided for the Community. Newspaper stands and receptacles are not permitted on the exterior of the cluster mailboxes or Units.

Section 1.11 – Screen Doors. Owners choosing to install screen or storm doors on the entry doorways of their Units must make application for approval as set forth in Article 13.1 of the Declaration. The following type, style and color and specification of screen door will be considered for approval: (a) Forever Fullview Door HD 2000/2500; (b) Anderson HD 2000/2500 Self-Storing Door; or (c) Forever Traditional, Color: White; manufactured by EMCO Specialties, Inc. Installation shall be according to manufacturer's specifications and will be inspected by a representative of the Executive Board upon completion. In the event that these doors become unavailable, then the Executive Board may approve substitute models on a case-by-case basis.

ARTICLE II

Use of Common Elements

Section 2.1 - Proper Use. Common Elements shall be used only for the purposes for which they were designed. No person shall commit waste on the Common Elements or interfere with their proper use by others, or commit any nuisances, vandalism, boisterous or improper behavior on the Common Elements which interferes with, or limits the enjoyment of the Common Elements by others.

Section 2.2 – Signs. Except for Common Element monument, parking and street signage, no signs whatsoever shall be displayed to the public view except a sign of not more than five (5) square feet advertising the property for sale or rent, or a sign used by the Declarant to advertise the Property during the Unit sales or construction period.

Section 2.3 - Alterations, Additions or Improvements to Common Elements. No changes may be made to the Common Elements without the prior consent of the Executive Board or such committee established by the Executive Board for that purpose.

Section 2.4 - Water and Sewer. No individual well, water system, or septic system shall be allowed. To preserve and minimize potential damage and deterioration to the sewer and water lines, Units Owners shall not pour grease, oils or cooking fat residues into sinks, garbage disposal units or other drains. No diapers, sanitary napkins, newspapers, solid rags or paper towels are to be disposed in toilets. No used oil, oil-based paints, solvents or other chemicals are to be disposed into the sewer lines, storm drains or drainage ditches.

Section 2.5 – Utility and Drainage Easements. The obstruction or re-channeling of drainage flows after the original location and installation of drainage swales, storm sewers, or storm drains is not permitted. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the Plat attached to the Declaration. No structures, plantings or other materials shall be placed or permitted in easement areas which may damage or interfere with the installation and maintenance of utilities or which may change the direction of water flow through the drainage channel within the easements.

ARTICLE III

Actions of Owners and Occupants

Section 3.1 - Annoyance or Nuisance. No noxious or offensive activity shall be carried on within the Community, nor shall anything be done therein which may become an annoyance or nuisance to the neighborhood. Motor bikes, motorcycles and automobiles shall have operable mufflers. Unit Owners shall contain and control their animals to the extent necessary to prevent their becoming a nuisance to other Unit Owners, including, but not limited to barking dogs.

Section 3.2 - Compliance with Law. No improper, offensive or unlawful use may be made of the Property and Unit Owners shall comply with and conform to all applicable laws and regulations of the United States and of the State of Alaska, and all ordinances, rules and regulations of the Municipality of Anchorage. The violating Unit Owner shall hold the Association and other Unit Owners harmless from all fines, penalties, costs and prosecutions for the violation thereof or noncompliance therewith.

Section 3.3 - Pets. Pets shall mean domestic cats and domestic dogs only. No other animals may be kept as household pets, without the approval of the Board. Due to health, safety and infestation concerns, the following animals are prohibited as pets; reptiles, rodents, insects, rabbits, birds and pigs.

(i) No more than three (3) pets are permitted per Unit, of which no more than two (2) pets may be dogs.

(ii) Unit Owners with fenced Limited Common Element yards may maintain their pets within the fenced yard area appurtenant to their Unit.

(iii) Unit Owner's shall hold the Association harmless from all claims resulting from the actions of his or her pet. Pets demonstrating behaviors within the classifications defined in Anchorage Municipal Code ("AMC") 17.40.020(A), and not falling within any of the exceptions contained AMC 17.40.020(B) are not permitted on the Property.

(iv) Unit Owners shall be responsible for keeping their Units and Limited Common Element areas free and clear of pet feces and shall immediately remove their pet's animal feces from all areas of the Common Interest Community.

(v) The provisions of the Municipal leash law (AMC 17.10.010) shall be observed and pets shall be leashed and kept under control at all times, when outside a Unit. Pets shall be licensed, vaccinated and maintained in accordance with Municipal law.

(vi) Pets causing or creating a nuisance or unreasonable disturbance or noise, so as to interfere with the rights, comfort or convenience of other Unit Owners shall be permanently removed from the Property upon three (3) days' written Notice and Hearing from the Executive Board. Pets in the control of Unit Owners that are repeat offenders of the pet rules may be deemed a nuisance, and upon demand of the Executive Board shall be permanently removed from the Community.

Section 3.4 - Indemnification for Actions of Others. Unit Owners shall hold the Association and other Unit Owners and occupants harmless for the actions of their children, tenants, guests, pets, servants, employees, agents, invitees or licensees.

Section 3.5 - Employees of Management. No Unit Owner shall send any employee of the Manager out of the Property on any private business of the Unit Owner, nor shall any employee be used for the individual benefit of the Unit Owner, unless in the pursuit of the mutual benefit of all Unit Owners, or pursuant to the provision of special services for a fee to be paid to the Association.

Section 3.6 - Leasing. No Unit may be leased except by written leases in excess of six (6) months. Tenants or Lessees shall meet the occupancy requirements contained in Section 9.1(a) of the Declaration. Each lease will be filed with the Association, and written notice given of commencement and termination of possession. Each lessee will incorporate the terms and restrictions of the Documents as a personal obligation of the tenant. Each lease will attorn to the Association as landlord solely for the purpose of enforcing the restrictions of the Documents following Notice and Hearing to the Unit Owner/landlord, and an opportunity to cure the violation, and then by direct levy, injunction and/or eviction by summary process, against the tenant. The Association will not otherwise assume the responsibilities or obligations of the landlord. The Association will have the right and power to exercise the landlord's rights of summary eviction against any tenant of the Unit Owner who violates the restrictions of the Documents, provided the

landlord has received Notice and Hearing and is given a reasonable opportunity to cure the violation following the Hearing. A copy of all written occupancy agreements conforming to the foregoing requirements shall be submitted to the Executive Board to verify compliance with these requirements.

ARTICLE IV

Insurance

Section 4.1 - Increase in Rating. Nothing shall be done or kept which will increase the rate of insurance on any of the buildings, or contents thereof, without the prior consent of the Executive Board. No Unit Owner shall permit anything to be done, or kept on the Property which will result in the cancellation of insurance coverage on any of the buildings, or contents thereof, or which would be in violation of any law.

Section 4.2 - Rules of Insurance. Unit Owners and occupants shall comply with the Rules and Regulations contained in any fire and liability insurance policy on the Property.

Section 4.3 - Reports of Damage. Damage by fire or accident affecting the Property, and persons injured by or responsible for any damage, fire or accident must be promptly reported to the Manager or a Director by any person having knowledge thereof.

ARTICLE V

Rubbish Removal

(a) The Association shall contract with an entity providing trash removal services which shall include provision for the use of household trash containers of uniform appearance by Unit Owners. Unit Owners shall only use such approved trash containers. Trash, garbage or other waste shall be wrapped in a secure package and deposited into such trash containers as approved by the Association. Trash containers shall not be visible to adjacent Units or to the public from the street, except when placed at the street on the evening before, or the day of garbage pick-up. No outside burning of trash or garbage is permitted.

(b) No portion of the Property shall be used for the storage of building materials, refuse, or any other materials.

ARTICLE VI

Vehicles

Section 6.1 - Compliance with Law. All persons will comply with Alaska State Laws, Department of Motor Vehicle regulations, and applicable local ordinances, on the Property.

Section 6.2 – Parking. No vehicles or equipment shall be parked or placed on the street for more than twenty-four (24) consecutive hours. No vehicle or equipment owned

by or under the control of a resident or Unit Owner shall be placed on a street within the Community for more than forty-eight (48) hours in a week.

(a) Street parking requirements shall be in accordance with Anchorage Municipal Code Regulations, ("AMCR") Section 9.30.

(b) Vehicles parked in Unit driveways shall not extend beyond the driveway and encroach onto the road.

(c) No junk vehicle shall be parked on the Common Elements or in a Limited Common Element area. A junk vehicle is a vehicle which is missing essential parts, such as, but not limited to, tires, wheels, engine, brakes, windows, lights and lenses, exhaust system, and such other parts that are necessary for the legal operation of a vehicle.

ARTICLE VII

Rights of Declarant

The Declarant may make such use of the unsold Units and Common Elements as may facilitate completion and sale of the Common Interest Community including, but not limited to, maintenance of a sales office, the showing of the Common Elements and unsold Units, the display of signs, the use of vehicles, and the storage of materials. Interference with workmen or with buildings under construction is prohibited. Entrance into construction or Declarant's restricted areas will be only with representatives of the Declarant.

ARTICLE VIII

Rule Violations

Section 8.1 – Violation and Minimum Fines. A violation shall be failure by a Unit Owner to comply with a restriction, or cure a prohibited activity within five (5) days after notification of non-compliance. Violations of the use restrictions are disruptive to the Community and create additional administrative expense to the Association and accordingly, shall result in the following liquidated damages.

(a) Violations of the following use restrictions shall incur a Two Hundred and Fifty Dollars (\$250) one-time charge upon issuance of written notice of violation, and for each subsequent notice. In addition, a Ten Dollar (\$10) per diem fee will be incurred for each day the violation continues from date of the notice until cured.

- (i) Nuisance violations
- (ii) Garbage and refuse disposal violations
- (iii) Parking, vehicles and storage violations

(iv) Pet violations

(b) Violations of all other use restrictions, shall incur a One Thousand Dollars (\$1,000) one time charge upon issuance of written notice of violation. Per Diem charge of Fifteen Dollars (\$15) commencing upon the day written notice of violation is issued until the date of notice to the Unit Owner that the violation is cured.

Each violation of the Declaration shall give rise to a separate liquidated damage recovery. These liquidated damage awards shall increase, and not decrease, every five (5) years from the date of this Declaration to match the equivalent increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items 1967 equal \$100.00, issued by the Bureau of Labor Statistics for the United States Department of Labor with the index from December 1998 as the price index figure.

Section 8.2 – Legal Costs. In addition to fines that may be levied, the Board may institute legal proceedings or correct violations (i.e. repairs, restoration, vehicle towing, etc.), charging all associated costs back to the offending owner as additional assessments. If the association must retain legal counsel to enforce Rules, Declaration or Bylaw provisions, legal costs may be assessed against the Unit Owner as additional fines.

ARTICLE IX

General Administrative Rules

Section 9.1 - Consent in Writing. Any consent or approval required by these Rules must be obtained in writing prior to undertaking the action to which it refers.

Section 9.2 - Complaint. Any formal complaint regarding the management of the Property or regarding actions of other Unit Owners shall be made in writing to the Executive Board or an appropriate committee.

Certified to be the initial rules adopted by the
Executive Board on its date of organization

Printed Name _____
Title: Secretary _____